

VZCZCXRO6792  
RR RUEHGR  
DE RUEHBE #0971 3052106  
ZNR UUUUU ZZH  
R 012106Z NOV 06  
FM AMEMBASSY BELIZE  
TO RUEHC/SECSTATE WASHDC 0667  
INFO RUCNCOM/EC CARICOM COLLECTIVE  
RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE  
RUEATRS/DEPT OF TREASURY WASHDC

UNCLAS BELIZE 000971

SIPDIS

SENSITIVE  
SIPDIS

DEPT FOR WHA/CEN (MACK), CA/VO/L/A (SETTJE), INL/C/CP (BECKER, BRANDOLI KOHN)

TREASURY FOR IA/WHA (LEVINE)

E.O. 12958: N/A  
TAGS: [ECON](#) [EFIN](#) [PGOV](#) [PREL](#) [BH](#)  
SUBJECT: GLENN GODFREY MADE ME DO IT!

Ref:QBelize 708

QBelize 678

This cable is sensitive but unclassified. Please protect accordingly.

1. (U) Summary. On the first day of testimony at the resumed Development Finance Corporation (DFC) investigative hearings, former general manager Roberto Bautista said that changes in policy left the Corporation vulnerable to significant losses. Lending policies were relaxed, and the DFC Board instructed staff to process all government housing projects. Bautista's testimony also implicated former DFC Chairman Glenn Godfrey, who is rumored to have reaped extensive financial benefits from this and other government entities but has, thus far, remained untouchable. End summary.

2. (U) On October 24, the investigative hearing into the financial deal of the Development Finance Corporation (DFC) resumed after a two-month hiatus. (As reported in reftels, the DFC is the Belizean equivalent of an agricultural bank, development bank, Freddy Mac, Sallie Mae, and Fannie Mae all rolled into one. For years, the DFC granted loans for small- and large-scale agricultural, educational, and housing development projects). For the first time, one of the DFC's top management testified before the investigative committee implicated Glenn Godfrey, former DFC chairman, attorney, local businessman, and ruling People's United Party (PUP) crony.

3. (U) Roberto Bautista, previous DFC general manager and current manager of credit administration for the Corporation, testified that in 1999 the DFC received BZ\$86 million and, while a portion of those funds were to be delivered to the Social Security Board, the remainder was deposited into the Belize Central Bank where it would earn 8.5 percent interest. (Note: US\$1 equals BZ\$2. The funds were to be used for housing development so that the government could fulfill its campaign promise to construct 10,000 new homes in Belize.

4. (U) At the same time, Bautista said, some of the DFC's strict lending guidelines such as the one requiring borrowers to provide down payment for mortgage loans were relaxed. The DFC Board also instructed staff to process all government housing projects.

5. (U) Despite the policy changes, the DFC continued to disburse funds to borrowers in a series of payments rather than in one lump sum. Bautista testified that DFC Chairman Glenn Godfrey made an exception to this rule and instructed him by telephone and in writing to disburse the BZ\$30 million loan to Novelo's Bus Line in one lump sum. Bautista said that Godfrey suggested that, rather than letting the money idle at the Central Bank for 8.5 percent interest, the DFC should disburse the funds borrowed from Novelo's. Because Godfrey followed up this conversation with a signed authorization letter, Bautista disbursed the funds. Full disbursement was premature because all of the collateral had not been secured. In a Godfrey's law firm which represented Novelo's benefited to the tune of BZ\$2 million for legal work in connection with the loan. The bus line is in receivership and behind in its loan payments. According to Bautista, the

outstanding balance on the loan is BZ\$32 million.

16. (SBU) Comment. As far as Post knows, Bautista's testimony represents first time a high-ranking official or political crony has been directly linked with tangible documentation to the DFC scandal. Poloff did not attend hearings on October 24, and so is unable to confirm if Godfrey's signed authorization letter was produced as evidence. If it was, then it may be in building a 212(f) case against Godfrey. End comment.

DIETER